

FISCAL NOTE

SB 1387 - HB 2068

February 19, 2007

SUMMARY OF BILL: Authorizes the Board of Trustees of the Baccalaureate Education System Trust (BEST) program to contract with other federal college savings programs established pursuant to Section 529 of the Internal Revenue Code. Creates the option of rolling BEST tuition account funds into another qualified tuition program established pursuant to Section 529 of the Internal Revenue Code, whenever a request is made in writing, and the request is due to a contract either terminating or the BEST plan being terminated.

ESTIMATED FISCAL IMPACT:

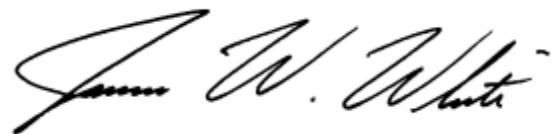
Increase State Expenditures – Not Significant

Assumptions:

- Tennessee's current 529 savings plan is administered by a third-party.
- All administrative fees of the current 529 plan are paid by participants through participant fees.
- According to the Office of the Treasury, there would not be any significant change in responsibility for the BEST Division of the department as a result of this legislation. Therefore, the increase to departmental expenditures is estimated to be an amount considered not significant.
- The Board of Trustees could consider contracting with other 529 plans that may have lower administrative fees. However, all costs of administration for the current plan are paid by participants through participant fees. As a result, any future cost savings are expected to be passed through to the participants of the plan.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director